

Foreign Workers in the Management of Japanese Manufacturing Companies : A Case Study on the In-plant Contractors in Hamamatsu Area

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Foreign Workers in the Management of Japanese Manufacturing Companies

— A Case Study on the In-plant Contractors in Hamamatsu Area —

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I. Introduction

In the first half of the 1980s, the mass media began to give increasing coverage to the issue of foreign workers in Japan. At that time, women from Southeast Asian countries were working in entertainment businesses in the service sector, with an underground character. In the second half of the 1980s, increasing numbers of male foreign workers came to Japan to work in the manufacturing sector, as Japan was going through the “bubble economy” boom. Most of these male workers were also Asians, especially from Bangladesh and Pakistan. However, the employment of foreign workers in unskilled manufacturing jobs was prohibited under law. Therefore the employment of foreign workers in the 1980s had an illegal characteristic. The mass media carried many reports on the exploitation of foreign workers¹.

A revision of the Immigration Control and Refugee Recognition Law came into force in June 1990. Because of this, second and third generations of Japanese emigrants into South American countries (so-called Nikkeyjin), who do not often hold Japanese nationality, are allowed to get visas which enable them to work freely in Japan. These visas are issued not only to the descendants of Japanese emigrants but also to their spouses, who do not necessarily have any Japanese blood. On the other hand, the revision includes the imposition of penalties against employers who employ foreign workers illegally. Thus, the number of Asian workers decreased drastically, and Brazilians and Peruvians succeeded them in unskilled work in the manufacturing sector. The number of these Nikkeyjin workers increased tremendously at the beginning of the 1990s.

Is the employment of foreign workers since the second half of the 1980s a new phenomenon for the Japanese manufacturing industry? The answer may be affirmative if we consider only the nationality of the workers in the factories. Is it really a new system for Japanese corporations, however? If we consider the so-called Japanese management system, we may also find ourselves tempted to answer yes. Lifetime employment is one of the most famous characteristics of this system, and it is clear that corporations employ foreign workers only temporarily. If the employment of foreign workers is an indispensable factor for Japanese managements in the manufacturing sector, we must also say that temporary employment has also become an indispensable factor.

But what is the reality? I would like to examine the characteristics of the employment of foreign workers in Japanese manufacturing in the context of so-called "Japanese management" or the Japanese system of production². For this purpose, I collected basic data through interviews with management staff of manufacturing companies. These companies can be classified into two types in the context of the employment of foreign workers. One is first- or second-tier subcontractors for large final assembling manufacturing companies, and the other in-plant contractor for manufacturing companies. The companies of the second type often call themselves manufacturing corporations, but in fact they typically do not possess their own factory, and in reality dispatch their employees to the real manufacturing companies.

II. Outline of Employment Form of Foreign Workers

It is important to understand two terms in the context of the system of employment of foreigners as unskilled workers in Japan: direct and indirect employment. The Ministry of Labor has conducted surveys on the situation of employment of foreigners since June 1993. Public Job Security Offices conduct surveys of establishments in their areas of jurisdiction, asking if the companies employ foreigners, and how many of these foreigners they employ directly and how many indirectly. According to the survey of June 1, 1995, in the manufacturing industry, 6,944 establishments throughout Japan were employing 60,649 foreigners directly, and 1,998 establishments were employing 37,245 foreigners indirectly (Ministry of Labor, 1996). This survey is not always complete, however, in the jurisdiction of every Public Employment Security Office. The quality of the data depends on the knowledge the person in charge of the survey possesses on the internal conditions of his or her area and on the companies. One foreign worker may be counted twice if he or she is registered as both directly employed at an in-plant contractor and indirectly employed at a real manufacturing company³.

Although people often use the term "worker dispatch" to refer to the indirect employment of foreigners in a manufacturing company, the Labor Dispatch Law distinguishes "worker dispatch" from indirect employment. According to this law, "worker dispatch" means that a worker is employed by a dispatching company and works at another company under the supervision and command of this second company. This type of employment and work is only legally permitted for limited occupations, such as some professional service activities.

According to the Civil Code and the opinion of the Ministry of Labor, one should use the phrase "in-plant contracting" to refer to the indirect employment of unskilled workers by a real manufacturing company. This manufacturing company should not supervise and command the workers it has employed indirectly. The supervision and command are the duties of the company which employs them directly and dispatches them to the real manufacturing company. That company, which conducts some business in the factory of the real manufacturing company on a contract, must supervise and command its employees. Therefore, the workers employed by the in-plant contractor should be distinguished from the workers who are employed by the real manufacturing company, *e. g.* by means of uniform colors or some other clear distinction. The contracting company must have its own office some-

where within the factory of the real manufacturing company. The authorities consider that such an office is indispensable for supervising and commanding work⁴.

In fact, however, many foreigners are employed by self-styled in-plant contractors, and receive commands not from the in-plant contractor but from the real manufacturing company. In many cases one cannot determine from a casual glance who is employing the foreigners in the factory, the real manufacturing company or the in-plant contractor. All the people involved often have the consciousness that the dispatching company recruits foreigners and merely sends them to the real manufacturing company, thus providing a solution for the lack of unskilled labor force.

This system is partly a new phenomenon, but partly a traditional one. It is a common view that foreigners are employed particularly by manufacturing companies whose employees are engaged in so-called "3-K" jobs: *kiken* (dangerous), *kitanai* (dirty), and *kitsui* (hard). As a result of economic development, fewer and fewer young Japanese people are willing to work at factories with such characteristics. And they really do not need to do so, because they can easily find jobs in the service industries. Thus, starting in the mid 1980s and the beginning of the 1990s, manufacturing company began to employ more and more foreigners in the place of young Japanese. From this point of view, the employment of foreigners may well be considered to be a new phenomenon in Japan. Certainly, many people shared this opinion during that period.

III. Connections between Okinawa and Temporary Workers from Latin American Countries

It is well known, however, that in general both large manufacturing companies and small- and medium-sized ones have adapted themselves to business fluctuations through the employment of temporary workers. They have been used not just to make adjustments to so-called short-term business fluctuations, of one or two years, but to even shorter-term ones, namely seasonal fluctuations. The characteristics of some products create seasonal fluctuations in demand. One example is automobile batteries, whose sales rise dramatically in the winter, when they tend to become dead. The demand for household electric appliances often fluctuates according to the season as well.

First- and second-tier subcontracting manufacturing companies tend to be more exposed to such seasonal business fluctuations. They often engage in the filling of orders from a limited number of larger manufacturing companies, which assemble parts into final products for the market. Thus, they do not have the competence to set independent production plans. They merely adapt themselves to the production plans of larger companies, and the orders from larger companies often increase or decrease according to the season. Therefore many first- and second-tier subcontractors have long employed seasonal temporary workers, at least since the 1960s and 1970s. This is particularly the case for the automobile industry.

I conducted intensive interviews with management staff at eight first- and second-tier manufacturing companies between 1995 and 1997⁵. In six of these cases the managers said that they had employed seasonal temporary workers from peripheral areas in Japan. The two particular areas mentioned were the northern part of

Japan (Tohoku and Hokkaido), and the other Okinawa in the south. In order to find seasonal workers, personnel from the companies traveled to these peripheral areas every year. They told me, however, that in the beginning of the 1980s it became very difficult to find such seasonal workers. One reason is that many factories were established in the periphery in the 1970s and the 1980s, and by working in those establishments farmers could earn a living in their home regions throughout the year. Manufacturing companies in Japan's giant core area, which stretches from the Tokyo-Yokohama metropolitan area to the Osaka-Kyoto-Kobe metropolitan area, gradually came to depend on in-plant contractors to recruit temporary workers. It may be natural to assume that in-plant contractors have better know-how regarding the recruitment of temporary workers than do the real manufacturing companies. The Japanese whom the in-plant contractors recruited included not only farmers but also people who often had no fixed residence because of their personal history. We should, however, note that Okinawa has played a crucial role in sending young temporary workers to the core areas of Japan.

Local newspapers in Okinawa carry help-wanted advertisements for companies in the core and semi-core (or semi-peripheral) areas every week. Staffs from the personnel departments of the companies come to Okinawa and interview candidates in the Public Job Security Offices in Okinawa. Some companies have branch offices in Okinawa which enable them to constantly recruit temporary workers. The Public Job Security Offices actively support the job-seeking activity of people in Okinawa and their employment outside the prefecture. They also support the recruitment activities of companies from the core and semi-core areas. The reason for this is that Okinawa's unemployment rate is much higher than that in the other prefectures of Japan. For example, the unemployment rate in Okinawa was 4.4% in 1989, in the midst of the bubble economy, while it was only 2.3% for Japan as a whole (Division of Employment Security, Okinawa Prefectural Government, 1998). According to an estimate by the Statistics Division of the Okinawa Prefectural Government, the unemployment rate of people between the ages of 15 and 29 was even higher than the average for Okinawa. It was 10.3% in 1993, while the average unemployment rate was 4.4% for Okinawa, and 2.5% for Japan as a whole.

Thus, young people have come from Okinawa to work temporarily in the core areas, while middle-aged farmers have come from the northern part of Japan. It is worth noting that the farmers can only come to work during the winter. On the other hand, people from Okinawa can work temporarily in all seasons. It is thus rational that in-plant contractors give more attention to the situation in Okinawa, going there to seek temporary workers for large manufacturing companies in the core areas. According to my interviews with managing staff in some companies, one of Japan's largest in-plant companies, which is located in Kawasaki City, recruited many male workers from Okinawa in the 1980s.

Okinawa is one of Japan's peripheral areas. The proportion of emigrants abroad to the total population was already the highest among Japan's 47 prefectures in the prewar period. It was also ranked second, after Hiroshima, in terms of total number of emigrants between 1899 and 1937 (Ishikawa, 1980). Emigration from Okinawa to Latin American countries in fact continued after World War II as well. Okinawa was damaged in the war, and many people emigrated to Latin American countries, partly because the US army had occupied their farmland for use as military base⁶. It is

natural to think that these emigrants sometimes returned to Okinawa to visit their relatives. It is quite conceivable that these people learned that it was easy for Okinawans to find temporary jobs in the core areas of Japan.

In fact, there was a connection between the emigrants from Okinawa and the system of in-plant contracting business in Japan. According to one returnee from Brazil, with whom I conducted an intensive interview in 1997, the business of sending human labor power to Japan from Brazil began in 1984. One Japanese Brazilian, who was a manager at a securities firm, established a company called "*Sol Nascent*" (Toward the sun), with the help of other Japanese Brazilians, which sent workers to Japan. This Japanese Brazilian, or it might have been his father, had emigrated from Okinawa. In the middle of the 1980s, most of the temporary workers from Brazil were people who still had Japanese nationality. This means that they were people who emigrated to Brazil alone in the period between the 1940s and 1960s.

According to one document⁷, a criminal case involving a travel agency also demonstrated a strong connection between Okinawa and the migration of temporary workers from Brazil. In June 1989, a president of a company in Kanagawa prefecture was arrested for violating the Labor Dispatch Law. He had dispatched 138 employees to eight manufacturing companies. He had also conspired with another man in the same trade to dispatch some 100 Japanese Brazilians to a number of manufacturing companies. The travel agency helped those companies find Brazilians, and charged them for the service. The headquarters of the travel agency was located in São Paulo and it had a branch office in Yokohama. The owner and the head of the branch were brothers, both of whom had emigrated from Okinawa to Brazil.

Some of the Brazilians who were employed by the dispatching company had formerly been employed by a large company in the same trade. This large company employed 2,273 workers as of the summer of 1989, dispatching them to more than 100 manufacturing companies. It had branch offices in 12 places throughout Japan. It had also violated the Labor Dispatch Law. It had begun to employ Nikkey Latin Americans in September 1985, when the travel agency mentioned above came to negotiate for the employment of 30 Latin Americans. The company paid ten thousands yen per worker per month to the travel agency. The large in-plant contractor later established a subsidiary in São Paulo in order to enable it to recruit Brazilians independently. In any case, this shows that there are many emigrants or second generation emigrants from Okinawa among the Nikkey Brazilians who have been employed by labor dispatch companies in Japan. This points to a strong connection between emigration from Okinawa and the temporary employment of Nikkey Brazilians in Japan.

More concretely, I received information regarding the connection between Okinawa and the system of in-plant contracting business from a managerial staff at an in-plant contractor in Hamamatsu, a large industrial city halfway between Tokyo and Osaka. His company had begun to recruit Nikkeyjin living in Okinawa, dispatching them to first-tier subcontractors for a large automobile assembler. This in-plant contractor had been established in August 1989. Before establishing this firm, the president had been working at a large corporation in the same business, with headquarters in Kawasaki City. By the mid-1980s, this large company had more than ten years of history. At the beginning of the 1990, it employed more than 4,000 Japanese, and was undertaking in-plant contracting for large manufacturing companies. By the

beginning of the bubble economy, however, it was becoming more and more difficult to recruit Japanese temporary workers, and the quality of these workers was deteriorating.

The large in-plant contractor, which was headquartered in Kawasaki, had a branch office in Okinawa where it recruited temporary workers. The man who later established the Hamamatsu firm had been working at the Kawasaki headquarters of this large firm, where he was in charge of the recruitment from Okinawa. Seeing that Nikkey Brazilians were already working in Japan, and that a constant stream of Nikkey Brazilians was always visiting their old home, Okinawa, he got the idea of dispatching Nikkey Brazilians, especially because it was becoming more and more difficult to find good temporary workers among native Japanese. However, his idea was rejected by the Kawasaki firm, whose policy was to employ only native Japanese. Thus, he decided to quit the in-plant contractor in Kawasaki and establish his own firm in Hamamatsu. Because his former employer had a branch office in Hamamatsu, he knew many potential customers in the area. This allowed him to start his business without any hitches.

He eventually made the acquaintance of some Nikkey Latin Americans in Okinawa who had come to Japan to look for jobs. They were living at their relatives in Okinawa, and studying Japanese language while searching for jobs. The system of recruiting temporary workers from Okinawa played an important role for them. The president of the new contractor recruited some Nikkey Latin Americans in Okinawa, and brought them to Hamamatsu. He first dispatched about 50 Latin Americans to a few manufacturing companies. Before World War II, many people from Okinawa had emigrated to Peru. Thus, from the beginning the in-plant contractor employed not only Brazilians but also Peruvians. It was later able to recruit many Latin Americans through word of mouth. It also utilized a travel agency in Brazil, which had some relationship with a Japanese language school in Okinawa.

IV. Japanese Management and Temporary Workers in Manufacturing Companies

Before the arrival of many Latin Americans, it was Bengalis, Pakistanis and Chinese who played a major role as temporary workers dispatched by (self-styled) in-plant contractor to real manufacturing companies. Furthermore, before the beginning of the illegal employment of Asians at the end of the 1980s, in-plant contractor had recruited temporary workers from among native Japanese and dispatched them to manufacturing companies. As I showed above, the manufacturing companies sent their own recruiting staffs to the periphery to recruit temporary workers in the days before they began to rely on in-plant contractors. It is apparent that the employment and dispatching system of temporary workers by in-plant contractors continued to function throughout the 1980s and 1990s.

It is not a mere shortage of labor forces that has led to the reproduction of the temporary employment system since the beginning of the 1990s. The last decade witnessed the diffusion of small batch production in a wide variety of goods, even at large manufacturing companies that had traditionally been engaged in Fordist mass production. This is one aspect of the flexible specialization that followed Fordism.

According to Piore and Sabel (1984, p. 17), flexible specialization means “a strategy of permanent innovation: accommodation to ceaseless change, rather than an effort to control it.” In other words, this means that enterprises compete against one another on the basis of ceaseless technological innovation. Skilled workers or craftsmen are crucial for ceaseless innovation, while the employment of large numbers of semi-skilled and unskilled workers was the characteristic of mass production under Fordism. Enterprises are now attaching greater importance to innovation-based competitiveness than to price competitiveness.

In the daily usage of the phrase, a manufacturing company can be considered to have flexibility, if it can adjust itself to all the types of demands made by its customers on the basis of its special competence. In the case of manufacturing companies which subcontract from larger companies, their special competence consists not only of R & D capability for producing parts, but also the ability to provide parts to its customers or larger assembling companies on a just-in-time basis. The just-in-time system means the delivery of necessary parts for assembly only at the necessary time and in the necessary quantity. Under the circumstances of mega-competition, large companies must constantly try to provide various goods to the market at the lowest cost possible. Moreover, they have to introduce new goods quickly in order to evoke new demand among consumers. Thus they change their production plans frequently, and their subcontractors have to adjust themselves to changing orders. The ability to adjust to changing orders is the typical competence of subcontracting companies under the principle of flexible specialization. And this ability can be realized by employing foreign temporary workers, which is made possible partly because foreigners wish to be employed temporarily in order to earn as much as possible in a short period of time. Thus the employment of foreign temporary workers can be ascribed to flexible specialization.

One first-tier subcontracting company for a large automobile assembler, at which I conducted an intensive interview with a managerial staff, shows a typical pattern of flexible specialization. At this subcontractor, which has its headquarters and main plant in the Hamamatsu area, Japanese Brazilians have apparently functioned as a buffer to business fluctuations (Table 1, Company C). As of November 1997, there were some 1,300 employees. Of them, 620 were engaged in production, and 210 in service activities in the factory, such inspection, transportation, etc. In 1991, there had been more than 1,400 workers, but this number was gradually decreasing. In the early 1990s, the company had links with six in-plant contractors. The managerial staff told me that it would have been better, from the viewpoint of management efficiency, to carry out transactions with just one in-plant contractor, but this would have made it impossible to recruit so many Brazilians in a short time. As of November 1997, however, the subcontractor was only dealing with one in-plant contractor.

The managerial staff I interviewed told me that it was necessary to depend on in-plant contractors because production plans could change rapidly. The customer, a large automobile assembler, provided his firm with production plans for one year or six months, but this production plan could not be relied on, as it often changed according to business prospects. A more reliable production plan would come from the customer every three months. But this did not give the contractor sufficient information to program the deployment of workers on the production line. It would have to make final decisions on the number of workers needed just one week ahead of time.

Table 1 Change of the number of Nikkey Latin Americans or indirectly employed

Year	Company A Nikkeys	Company B Nikkeys	Company C Nikkeys	Company D indirectly employed
1988			20	64
1989			140	130
1990	80		160	168
1991	115	114	180	96
1992	111	113	120	58
1993	83	99	0	66
1994	16	40	60	60
1995	67	61	0	51
1996	88	18	110	98
1997	82	207	110	83
1998	86	22	20	120
directly employed in 1997 or 1998 of which, workers for production	1,312 586	1,271	1,300 620	157
ratio of the indirectly employed to the directly employed, 1997	0.063	0.163	0.085	0.529

Source : Interview with managing staffs in the manufacturing companies.

If the number of workers needed was higher than what it had planned, it would have to depend on (self-styled) in-plant contractors. And this trend has become stronger and stronger since the mid 1990s. It has become impossible to recruit large numbers of workers in just one week through Public Job Security Offices. Thus, the firm considers about 10 per cent of its total employees to be a buffer for avoiding business fluctuation risks. Moreover, changes in the production plan do not always occur because of normal business fluctuations or seasonal ones, but also because of the strategy of flexible specialization.

Parts makers like this cannot compete with large assemblers in recruiting Japanese temporary workers, because their wages and bonuses are much lower. This particular parts maker had experience employing Nikkey Brazilians directly. Direct employment has one particular merit. Nikkey Brazilians who are directly employed tend to stay at the company for a longer period of time. Still, the manager said he thought it was much better to depend on a (self-styled) in-plant contractor than to employ temporary workers directly, as this made it easier to adapt to easily changeable production plans.

Let's examine one more example of flexible specialization. In the Hamamatsu area, there is a factory (Table 1, Company B), which is one of main plants of a large manufacturing corporation. This corporation is a member of a corporate group whose capital is in the hands of a family. This particular corporation supplies wire harnesses to automobile corporations. The headquarters is located in Tokyo. It has eight main plants, all in Japan, which conduct both manufacturing and R & D functions, and six of them are located in Shizuoka prefecture. In addition to many factories overseas, the company also has a lot of branch factories in Japan, which are supervised by one of the main plants. The plant of the company B supervise eight branch factories, which are located in the western part of Shizuoka prefecture and the eastern part of neighboring Aichi prefecture. Most of the workers in the plants in the

Hamamatsu area, including the branch factories, are women.

As of July 1997, the plant had 1,271 workers, including those at the eight branch factories. About 400 employees worked at the main plant. In addition, an in-plant contractor carried out production in the main plant, employing 207 workers, most of whom were female Brazilians. Forty Filipinos were also being trained at that time. At nearly any time one could see trainees from Asian countries such as China, Thailand and the Philippines in the main plant, in addition to the temporary workers from Latin America. At the company's peak, there were some 100 trainees.

In the 1970s, the main plant recruited temporary Japanese workers. In the 1980s, as it became more difficult to recruit workers, however, the corporation adopted a strategy of locating branch factories in rural areas. But at the same time, an in-plant contractor began to dispatch temporary workers to the main plant in Hamamatsu area. It may be that there were Nikkey Brazilians among them. Then, in 1990, when it became easy to employ Nikkey Brazilians, the corporation group as a whole, including the wire harness maker, launched a strategy to employ Nikkey Brazilians directly. The headquarters established a division for the recruitment of Nikkey Brazilians in its management center in Numazu, Shizuoka prefecture.

However, each plant is also capable of employing Nikkey Brazilians indirectly. Until 1995, some forty Brazilians were employed in the main plant in Hamamatsu area, and one Nikkey Brazilian had been hired to supervise his countrywomen. However, this supervisor was dismissed because of a business setback in the mid-1990s, and the plant lost its ability to employ and supervise Nikkey Brazilians directly. In 1995, it began to employ Nikkey Brazilians indirectly. The number of such workers rose sharply, from 54 in May 1997, to 207 in June of the same year, as a result of a sharp increase in orders from its main customer. It would have been impossible to find more than 150 workers in such a short time. Therefore, the company had to depend on the above-mentioned in-plant contractor. However, it provided its own apartment houses as accommodations, because the in-plant contractor could not arrange a dormitory for such a large group of Brazilians. Then, in the summer of 1998, the number of Brazilians decreased sharply to just 22 because of a change in production plan. Thus, the Brazilians clearly function as a buffer. The decrease at that time could not be ascribed to business fluctuations in the normal sense, but rather to a change in the production plan of the automobile assembler. And this change had been already scheduled in 1997, though it was not firm as of the summer of that year.

There is a long-term relationship between the manufacturing company and the in-plant contractor. There are no differences in the labor costs between the direct and indirect employment of Brazilians. The manager whom I interviewed said he felt rather easy about indirect employment, because he did not need to take care of the daily life of the Brazilians. On the other hand, a managerial staff at another in-plant contractor whom I interviewed said he realized that he was in effect playing a managerial role in the division of general affairs of the real manufacturing company.

How have in-plant contractors adapted to flexible specialization? I conducted an interview with a managerial staff of an in-plant contractor which had been established in Hamamatsu in 1985. The president of this company had been employed by a company in the same business in Numazu, but in 1978, at the age of 20, had become independent and began a business dispatching human labor, also in Numazu. At that time, he was dispatching about 200 Japanese workers. He moved to Hamamatsu in

1985 because of personal reasons, and established another company. Before that year, there were only a few companies in the business in Hamamatsu. He started his new company with 50 Japanese, and the number of his employees quickly doubled. Most of the Japanese employees of his company were temporary workers from the northern part of Japan and Okinawa. The workers from the north were usually middle aged, but those from Okinawa were young. The term of contract was not restricted, but they tended to be one-year or half-year contracts *de facto*.

In 1986, this company became the first in-plant contractor in the area to employ and dispatch Nikkey Brazilians. But at the time, the workers were emigrants to Brazil, and typically older than 50. Soon after, the in-plant contractor also began to employ second-generation Japanese migrants from Brazil. By 1988, there were many Brazilians, and their number had increased to 500 by 1990. At that time, the main customer was a large automobile corporation. According to the manager at the in-plant contractor, manufacturing companies, which subcontract from large corporations, have to carry out transactions with a number of in-plant contractors in order to be able to adjust the number of workers to sudden changes in production plans. This trend appeared in about 1996, and is particularly common among manufacturing companies in the automobile industry. More and more manufacturing companies are ordering temporary workers for just three months. The in-plant contractor asks them to employ its workers for at least six months. The following passage is included in the guide pamphlet given to customers by the in-plant contractor :

“We dispatch the human labor in need immediately, when you need it. We can secure labor in the necessary quantity, by the time you need it, adjusting ourselves to your production plan. We can cope with your needs without delay, even if it occurs suddenly. This allows you to control your demand for labor according to the ups and downs of your net capacity utilization rate. We can play a buffer to business fluctuations.”

I examine the third case involving an in-plant contractor for a large automobile manufacturing company. It was established in the Hamamatsu area in 1967, and was engaged in the business of packing and shipment of products for an automobile corporation. However, it undertook this business not directly from the large corporation, but rather from a transportation company which took orders from the manufacturer. We see here a multi-tier system of the in-plant contracting business. There is only a fine line between the system of in-plant contracting business and the business of merely dispatching workers. In 1978, the in-plant contractor changed its main customer from the transportation company to another large automobile corporation. At first, it limited its work to the packing and shipment business in the customer's plant. But later it also undertook the assembly of automobile parts behind the plant's production line. Today, it takes part in assembly work on the production line. This company has its own factory, but the most important business is its in-plant contract for the automobile corporation. As of July 1998, 1,300 persons were working there.

In 1989, this in-plant contractor began to employ 30 Nikkey Latin Americans, following a suggestion from the customer. Up to this time, it had employed only Japanese. Most of the Japanese were regular employees, and it did not depend on temporary workers from peripheral areas in Japan. However, by 1991 the number of

Latin Americans had increased to 600. It entrusted a travel agency in São Paulo with the recruitment of Nikkey Brazilians. The number of Brazilians hit a peak of 700 in 1992. As of 1998, it employed 550 such workers. Eighty per cent of the Brazilians are male workers, since the job involves a shift system. The company has a strategy of employing as many single young workers as possible. The contract term is six months, though many individuals work for one and a half years. There are also some Brazilians who work as foremen on the production line in the automobile manufacturer's plant.

The in-plant contractor is subcontracting some part of the business within the plant to four smaller subcontracting companies. These subcontractors dispatch Brazilians to the in-plant contractor. There is thus a multi-tier system of indirect employment of Brazilians in the automobile manufacturer. A total of 250 Latin Americans were dispatched in this way, so that a total of some 800 Brazilians are working under the supervision of the managerial staff of the in-plant contractor. In addition to the Latin Americans, there are 500 Japanese workers.

We find a similar multi-tier system of in-plant contracting business at a forth in-plant contractor, which is also located in the Hamamatsu area. This in-plant contractor was established in 1963 to undertake packing of products for a large automobile manufacturer. Since 1992, it has engaged in in-plant contracting not only for packing but also for parts assembly on the production line. As of July 1998, it had a total of 530 employees. Among them were 130 Latin Americans. Most of these foreigners were Brazilians. The employees consisted of regular employees, quasi-regular employees, temporary workers on one-year contracts, and part timers. The Latin Americans were temporary workers. One third of them were women, most wives of men who also worked for this in-plant contractor. A few returnees from Brazil were working as regular employees at the in-plant contractor.

This in-plant contractor placed orders for labor power to seven outside suppliers. The managerial staff called these other firms "inside suppliers," because they did not have their own factories and were engaged in self-styled in-plant contracting business. These suppliers merely dispatched 120 Latin Americans to the in-plant contractor. This contractor supervised these foreigners directly, and hence the managerial staff I interviewed recognized that 650 workers were engaged in in-plant subcontracting work under the control of his company. There were 226 workers from the in-plant contractor working inside the plant of the automobile manufacturer. Among them there were 120 Latin Americans, 90 who were employed directly by the in-plant contractor, and the other 30 who were dispatched by an inside supplier.

The Latin Americans were originally dispatched from the suppliers to the company in 1990. During the late 1980s, the suppliers had dispatched Chinese workers, but only for a short term. There was already a system of inside supplier for the in-plant contractor at the beginning of the 1970s, but for a long period the company had employed only Japanese. It began recruiting temporary workers from the northern part of Japan at the beginning of the 1980s, but this did not last for long.

The in-plant contractor employed Latin Americans for the first time in 1993. Since then, the number of Latin Americans has increased continuously. Housing is an indispensable condition for the employment of Latin Americans. In the beginning of the 1990s, several persons shared one room, but the reality now is one room for one person. Otherwise it is impossible to recruit Latin Americans. One returnee from

Brazil, who was employed directly by the in-plant contractor in 1993, had an acquaintance who managed a travel agency in Brazil. This route was utilized to recruit Brazilians. But this route did not function after 1997 because of the poor business conditions.

There is another reason which we cannot overlook for why travel agencies can no longer function as brokers for the employment of Brazilians in Japanese manufacturing companies. There is only a limited reservoir of Nikkey Brazilians in Brazil. Of course, this is the case for Peru as well. The number of repeaters has increased year after year. These people know how to find potential employers, and do not want to depend on the travel agencies, because many have had bad experiences being exploited by the agencies. Besides the personal networks among Latin Americans in Japan, as well as the Portuguese-language newspapers which are published and distributed in Japan, have become more and more important in getting information on jobs. Both the in-plant contractors I mentioned earlier now place help-wanted advertisements in Portuguese newspapers to recruit Nikkey Latin Americans.

V. Conclusion

It is clear that the employment of foreign temporary workers is in one sense a new phenomenon and in another a traditional one. Manufacturing companies have always had to be flexible to adjust to business fluctuations. In order to do so, they have had to employ temporary workers. We can see a continuity of employment of temporary workers between the 1960s and the present. In the core areas of Japan, there were seasonal migrant workers from the northern periphery as well as from the southern in the 1960s and the 1970s. Migrant workers from Asian countries succeeded them in the second half of the 1980s, and Latin Americans also migrated during this period. They succeeded the Asians beginning around June 1990, and their number increased drastically in the early 1990s. All these temporary migrant workers have played the same function in the production system of Japan's manufacturing companies.

Of course, the majority of Nikkey Latin Americans land at the New Tokyo International Airport at Narita, as they come to Japan in order to work temporarily. From the airport, they are transferred to large numbers of in-plant contractor or real manufacturing companies by brokers in the Tokyo metropolitan area. But at the early stages of the return migration of Nikkey Latin Americans, the connection between Okinawa and Latin American countries played an important role in the establishment of the brokerage business as well as the brokers in the Tokyo metropolitan area.

There has also been continuity in the division of labor among companies. Manufacturing companies have long utilized in-plant contractors. The in-plant contractors have often employed migrant workers from Japan's periphery, but now employ migrant workers from Latin American countries. The utilization of in-plant contractors is also an aspect of flexible specialization. The multi-tier system of in-plant contracting business is also traditional.

The employment of foreign workers in the 1990s in Japan, however, has some new characteristics in comparison with the employment of temporary workers until

the 1980s. In earlier times, the main form of in-plant contracting was literally to receive an order for carrying out some processing work in a factory owned by another company. This pattern is still used in dockyards today. But in-plant-contracting work is often merely nominal at present. In fact, many cases of in-plant-contracting work are now nothing more than the dispatch of labor by self-styled in-plant contractors, which may appear to be manufacturers, to real manufacturing companies. This phenomenon had already become very widespread by the end of the 1980s, and has become firm under the situation of mega-competition and small batch production. This is one aspect of Japan's transformation from an industrial to a service-oriented society.

We can thus say that temporary employment is an important aspect of Japanese management at manufacturing companies of all sizes, even though the proportion of temporary workers may not be high.

Notes

- 1 According to *the Nihon Keizai Shinbun* (a daily newspaper specialized in economic affairs in Japan) on 9. April 1990, more than 16,600 were disclosed as illegal foreign workers in 1989 within this country. This figure was 16 per cent more than the one in 1988. More than 11,000 were male workers. Most of them came from Asian countries, namely 3,740 from Phillipin, 3,170 from Pakistan, 3,129 from South Korea, 2,277 from Bangladesh, 1,865 from Malaysia and so on. Chiba (1994) briefly and aptly described the situation at the end of the 1980s.
- 2 According to Nomura (1994), it is Abegglen (1958) and this Japanese version that contributed to the diffusion of the concept of "Japanese management". There are three charactersitics in the "Japanese management", namely "lifetime employment", "a pay scale based on the seniority system" and "intra-company trade union". Nomura (1994) critically points out that these characteristics do not always show the reality of Japanese employment system. We can almost always find not only regular employees out, for whom the employment is secured for lifetime, but also temporary workers, whose position is unstable. The present author agrees with the opinion of Nomura (1994), and is going to analyze the situation of foreign workers in Japanese manufacturing companies from the viewpoint of historical continuity of Japanese management.
- 3 I received this information from a person in charge of the survey in Hamamatsu in March 1997.
- 4 I received this information from the then director of the Public Employment Security Office in Ota City in February 1991. For an explanation of the legal system, see Department of Commerce, Industry and Labor of Shizuoka Prefecture (1996, pp. 71-79).
- 5 Prof. Hiromasa MORI, Prof. Tatsuya CHIBA, Prof. Isao NAKAGAWA and Prof. Norihiko MIYAWAKI took part in the interviews in 1997 and 1998. The interviews were conducted in the frame of research project of the Institute of Comparative Economic Studies, Hosei University. I also interviewed managerial staff of several companies in 1991 and 1992 in the frame of research project of the Japan Statistics Research Institute, Hosei University. At that time, I was conducting surveys on the phenomenon that young Japanese were being replaced by foreigners. Therefore I did not ask about the employment of seasonal workers at those companies. Prof. Hiromi MORI and Prof. Tatsuya CHIBA participated in the interviews between 1991 and 1992. Prof. Daijiro NISHIKAWA occasionally participated as well. This article is based on the both research projects.
- 6 Before World War II, it was Brazil that received the greatest number of migrants from

Okinawa among Latin American countries, followed by Peru. Brazil retained this status after the War, but second place went to Argentina, and third to Bolivia. More than 9,000 persons migrated from Okinawa to Brazil between the 1950s and the 1970s. This number of emigrants was comparable with the number between 1925 and 1940 (International Exchange Division, Department of Culture and Environmental Affairs, Okinawa Prefectural Government, 1998).

- 7 This document is kept by the International Exchange Division of the Okinawa Prefectural Government.

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